

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NSAE-00 PA-04

RSC-01 PRS-01 SP-03 USIA-15 TRSE-00 SAJ-01 EB-11

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R 301455Z MAY 74

FM USMISSION NATO

TO SECSTATE WASHDC 5986

SECDEF WASHDC

UNCLAS USNATO 3005

E.O. 11652: N/A

TAGS: MCAP NATO

SUBJECT: PROCEDURE FOR INTERNATIONAL COMPETITIVE BIDDING FOR COMMONLY  
FINANCED INFRASTRUCTURE WORKS

REFS: A. NATO DOCUMENT AC/4-DS/937

B. NATO DOCUMENT AC/4-D/2261 (2ND REVISE)

C. STATE 048623

D. USNATO 1193

BEGIN SUMMARY. INFRASTRUCTURE COMMITTEE HAS NOW ARRIVED AT QUASI-  
UNANIMITY ON REVISED INTERNATIONAL COMPETITIVE BIDDING PROCEDURES  
FOR INFRASTRUCTURE WORKS. WHILE LATEST LANGUAGE ON  
OPEN ITEMS (PROCEDURE IN CASE OF A RENEWED CALL FOR BIDS AND  
SPECIFICATION OF EXCHANGE RATES) IS STILL SUBJECT TO RESERVATION  
BY ITALY AND CONFIRMATION BY BELGIUM, GERMANY, TURKEY, AND THE  
US, MISSION BELIEVES THAT UNANIMITY WILL BE OBTAINED. ACTION  
REQUESTED: COMMENTS AND/OR APPROVAL OF PROPOSED RESOLUTION  
FOR OPEN ITEMS. END SUMMARY.

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1. ON 14 MAY 74 INFRASTRUCTURE COMMITTEE MADE DETERMINED  
EFFORT TO RESOLVE THE LAST MINOR DIFFERENCES BETWEEN NATIONAL  
POSITIONS ON THE ISSUES OF PROCEDURE IN CASE OF RENEWED CALL FOR  
BIDS AND OF DEFINITION OF EXCHANGE RATES FOR PURPOSE OF CONTRACT

AWARD. DISCUSSION AND DECISIONS ARE REPORTED IN ITEM VIII OF REF A.

2. ITALY, WITH USSUPPORT, HAD BEEN HOLDING OUT FOR MODIFICATION OF PARA 14, REF B, TO PRECLUDE HOST NATION CANCELLATION OF BIDS SIMPLY BECAUSE OF DISQUALIFICATION OF HOST NATIONS'S FIRMS, THUS DISCRIMINATING AGAINST FOREIGN FIRMS. ON THE BASIS OF CORRIDOR DISCUSSIONS IN WHICH IT WAS SHOWN THAT NATO COULD NOT LEGISLATE AGAINST THIS RISK BECAUSE HOST NATION COULD CIRCUMVENT LEGISLATION BY SIMPLY ANNOUNCING A DIFFERENT REASON FOR CANCELLATION OF BID, ITALY AND US AGREED AD REFERENDUM TO THE NEW WORDING OF PARA 14 CONTAINED IN ANNEX I OF REF A. WORDING ALLOWS INTERVENTION OF THE INFRASTRUCTURE COMMITTEE AND SHOULD THUS GO AS FAR AS POSSIBLE TOWARD RESOLUTION OF ITALINA AND US FEARS.

3. US CONTENTION STATED REF C WOULD APPEAR TO BE ACCEPTED BY NATO IN THE NEW LANGUAGE OF THE FOOTNOTE TO PARA 12(I) INCLUDED AS ANNEX III TO REF A AND PROTECTION AGAINST EXCHANGE RISKS ANNEX II, REF A. CONTRACTORS WILL BE ALLOWED, WHERE PERMITTED BY HOST NATION REGULATIONS, TO MAKE BIDS IN CURRENCY OF THEIR OWN COUNTRIES OR OF THE HOST COUNTRY WITH EXCHANGE RATES TO BE ESTABLISHED AT A SPECIFIED BANK ON THE DATE OF THE BID OPENING. EXCHANGE RATES WILL BE GARANTEED FOR ALL OUT-OF-COUNTRY EXPENDITURES AND FOR PROFIT REPATRIATION.

4. MISSION BELIEVES THAT DECISION IN ITEM VIII, REF A, AND WORDING IN ANNEXES I, II, AND III TO REF B, ARE ACCEPTABLE, AND THEREFORE RECOMMENDS US ACCEPTANCE OF AC/4-D/2261 AS AMENDED. REQUEST WASHINGTON COMMENTS AND/OR APPROVAL. RUMSFELD

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<< END OF DOCUMENT >>

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